

STATEMENT OF HAIM SABAN

BEFORE THE

UNITED STATES SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

AUGUST 1, 2006

Good morning, Mr. Chairman, Senator Levin, and Members of the Subcommittee. I understand that the Subcommittee's focus this morning is on "the role of professional firms and advisors" with regard to certain tax-related transactions. Thank you for the invitation to testify regarding my own experience with the promoters and developers of a 2001 transaction that you have referred to as the "POINT" transaction. To the extent that my testimony can, in some way, assist you in strengthening and improving public policy in this area, I am pleased to be able to do so.

You asked that I be prepared to address a number of specific questions regarding the "POINT" transaction. First, I would like to briefly give you some background on how and to what extent I came to be involved with this transaction and then I will be happy to address specific questions that you may have.

Since my arrival in this country in 1983, I have been fortunate in countless ways, both in my personal life and in business, where I have had the benefit of some very successful investment opportunities. In 2001, I found myself in a situation where it seemed likely that I would be receiving a significant amount of income from the anticipated sale of one such investment, Fox Family Worldwide. I did what many individuals would have done in similar circumstances: I consulted my longtime trusted tax and legal advisor, who had worked for me for fifteen years, and asked that he explore tax planning possibilities regarding the expected income. After several months, my advisor, accompanied by an individual from Quellos, came to me with what appeared to be a very complicated proposal for tax deferral. It involved numerous steps and entities. I did not understand the structure of the transaction. My advisor assured me that the transaction was legal and would be backed up by a legal opinion from a reputable law firm. I am neither a lawyer nor a tax expert, in fact my formal education ended when I finished high school. As a result, I relied on those assurances and left the structure and details of the transaction to others whom I believed were acting in good faith and with the benefit of considerable experience and familiarity with tax planning.

Long after the transaction was concluded, I learned that I had been poorly advised in 2001 and that there were significant problems with the assurances that I received at the time. I was quite upset, to say the least. I am now in the process of arranging with the IRS and state authorities to pay all of the taxes that I had been told would be legitimately "deferred" by the transaction, as well as interest and substantial penalties. In short, I am trying to put this entire unfortunate incident behind me.

Again, I appreciate the opportunity to share my experience with you and would be happy to answer your questions.